

particularly working with the hospitals and other health providers to try to work out an agreement for a three-year trial project experiment in cost containment. And that's what this bill does. It does provide for a three-year effort to contract for services for Medicaid. This allows the Director of the Department of Social Services to go out in specific geographic areas and try to negotiate the best possible contract to provide for the needs of our Medicaid recipients and to provide for those needs with quality and also to provide for those needs at the lowest possible cost. It is competition in the marketplace. It is competition as we have in any other sector in our economy today but has not been present as it should be in our health care economy. This bill changes that. It allows the Director of the Department of Social Services some flexibility they never had before. And through that flexibility and through the cooperation of the health care providers, we're hoping we're going to see a lower cost of Medicaid for the State of Nebraska. And we are so convinced that this will work, those of us that are proposing this change are willing to go with a three-year time limit and then we have to come back in in three years and hopefully keep the program going. I don't think that will be hard to do. I think it will succeed. I think it will save money. I think if we have the cooperation that I suspect will be there from our health care providers, all citizens of the state will benefit. We're talking about millions of dollars, millions of dollars in tax dollars that we are every year seeing go to the Medicaid program and this money has got to be controlled in an effort to keep our budget under control. It's similar to the Medicare program at the federal level. We're seeing the DRG concept and the competition effort from the federal government as a response to the budget problems of ever increasing health care costs for the Medicare budget. Similarly in the Medicaid program where the state has to pick up a pretty substantial load, we're trying to do the same sort of budget balancing by containing health care costs. This bill would help in that effort and it's through a lot of cooperation negotiation that we've reached this stage. I'd also like to thank Senator Eret who has picked LB 904 as his priority bill and he's been very generous in helping us with this legislation as well. So with all those